Commercial Lease of State Trust Land Proposal

Prepared for: Montana Department of Natural Resources and Conservation

Submitted by: Clenera, LLC

October 2018

Clēnera
Renewable Energy

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Attachments

Swinerton Builders Certificate of Contractor Registration
Swinerton Builders Certificate of Authorization to do Business in Montana
1.21 GW LLC's Limited Liability Company Agreement
Project Timeline
Redlined Lease Agreement

Required Documents

Checklist
Transmittal Letter
Proof of authorization to sign:
- **Limited Liability Company Agreement**
- **Unanimous Consent of the Members of 1.21 GW LLC**

Conflict of Interest Statement
$50 Application Fee (Photocopy of check)
10% Bid Deposit (Wire Transfer Receipt)

Statement of Qualifications

Company and Partnerships

Clenera, LLC ("Clēnera") is an end-to-end utility-scale solar development and asset management service provider focused exclusively on utility-scale solar projects in the continental United States. Clēnera relies on its experienced executive team and professional staff to identify the best projects and manage each project from pre-construction development and design through construction and long-term operation. Clēnera utilizes a unique and efficient finance, development, construction and operations platform to consistently deliver low cost and reliable clean energy from the projects it manages.

Each utility-scale project Clēnera undertakes is a model of industry best practices. Clēnera remains heavily involved in every project from the start of construction through the lifetime of the operating asset to ensure the project is a success for all stakeholders. Clēnera harnesses advanced solar technology, strong industry partnerships, and efficiencies in its platform and project equity financing to generate the power necessary to make clean energy affordable for present and future generations. Every Clēnera designed solar energy facility is engineered to fit the needs of the community it serves. Clēnera works to ensure that its projects benefit the local environment and community, generating jobs and revenue for local economies.

Clēnera's corporate offices are located in Boise, Idaho where the company employs approximately fifty professionals. The company also operates a number of satellite offices accelerating response to regional project and customer needs. With heavy investment in systems and software Clēnera emphasizes efficiency and process, carefully extending the reach, rigor and effectiveness of its skilled team. Clēnera also carefully selects each of its project investment, engineering, technology, construction and operations partners to ensure absolute cost, construction and operating efficiency.

Low cost project equity is a vital component of Clēnera's successful emphasis on cost efficiency and performance in power plant development. Since July of 2013 Clēnera has worked closely with Centaurus Renewable Energy LLC ("CRE"), a subsidiary of Centaurus Capital LP, to successfully develop, construct and operate greater than 750 MW_{DC} of utility-scale solar projects. During this period, CRE invested over
$1.3 billion into projects managed by Clēnera. In 2015 Clēnera and CRE began working with Global Atlantic Financial Group and its subsidiary Forethought Life Insurance Company (a large private insurer) to further expand available equity capital and fund construction of utility-scale solar projects. Clenera, CRE and Global Atlantic expect to develop and construct nearly 1 GW_{DC} of solar projects before the end of 2019 and deploy equity capital in a growing number of future projects.

Each project Clēnera manages is 100% equity financed. In some cases equity will be split between both investors while in other cases only one investor will fully fund the project. The use of 100% equity in project finance insulates against potential costly and disruptive fluctuations in interest rates, transaction fees, funding delays and complicated regulatory requirements.
Clēnera engineering, construction and operations work closely with industry leading partners. The company collaborates on construction technology and engineering with Swinerton Renewable Energy ("SRE"), a wholly owned subsidiary of Swinerton Construction (127- year-old construction company that provides EPC and O & M services). Swinerton's Certificate of Contractor Registration in Montana's registration number is 162342. A copy of the Certificate is attached to this proposal. In addition, the Certificate from Secretary of State to do business in the State of Montana is also attached.

Clēnera also works with some of the industry's most forward-thinking equipment and technology suppliers to find new solutions and improvements that accelerate cost reduction and increase efficiency.

Summary of Current Projects

Westlands Solar 23.1 MWDC, CA *Pacific Gas & Electric*	**Avalon 1** 35 MWDC, AZ *Tucson Electric Power*	**Avalon 2** 21.5 MWDC, AZ *Tucson Electric Power*
Kettleman Solar 27 MWDC, CA *City of Palo Alto*	**Sunray Energy 2** 26.6 MWDC, CA *Pacific Gas & Electric*	**Sunray Energy 3** 17.2 MWDC, CA *Southern California Edison*
Grand View Solar 108.5 MWDC, ID *Idaho Power*	**Three Peaks Solar** 107.7 MWDC, UT *PacifiCorp*	**Giffen Solar** 27.6 MWDC *University of California*
Alabama Solar 111.9 MWDC, AL *Alabama Power*	**Sweetwater Solar** 104 MWDC, WY *PacifiCorp*	**Indianapolis Motor Speedway** 11.2 MWDC, IN *Indianapolis P&L*
Frontier Solar 28 MWDC, AZ *City of Palo Alto*	**Wright Solar** 260 MWDC, CA *Peninsula Clean Energy*	**Lancaster Solar** 3.8 MWDC, CA *Southern California Edison*
Five Points Solar 84.1 MWDC, CA *University of California*	**Techren 1 & 2** *390 MWDC, NV* *NV Energy*	**Coachella** 9.9 MWDC, CA *Coachella Unified School District*
Total - In Operation & Construction 1,891 MWDC, USA *Various*	**Pipeline** 4,000 MWDC, USA *Various*	

The Clēnera Team

The Clēnera team has an accomplished track record in technology development, manufacturing, and project management. Individual team members involvement in solar technology development for more than a decade has contributed to industry advancements in manufacturing of thin films, crystalline silicon, and concentrated photovoltaics. Our unique approach to solar incorporates a deep understanding of the technologies powering each and every project. With strategic investment in industry professionals Clēnera operates efficiently with a small but highly skilled team.

Management Team

Over thirty years of combined solar energy experience and many years of collaboration between Jason Ellsworth and Adam Pishl led to founding Clēnera. The Clēnera management team brings a breadth of renewable energy knowledge and experience, proven leadership, and efficiency in process, project and business management.

Jason Ellsworth, Co-Founder & CEO

Experience:
17+ years Solar Industry
27+ years Business Management

Education:
Harvard Business School, Master of Business Administration
Boise State University, Bachelor of International Business

Jason Ellsworth leads Clēnera as President and CEO. He co-founded Clēnera in 2013, together with long- time friend and business partner Adam Pishl. Jason's leadership and background in technology, solar, manufacturing, development, professional management, and project finance enable Clēnera to act as an efficient, vertically- integrated developer and manager of solar power projects. Together with Clēnera's capable team and deeply- committed investors, Jason ensures that Clēnera is well managed, agile, and growing to keep pace with its clients' needs.

Prior to the creation of Clēnera, Jason was Founder and CEO of Sunlight Partners, a leading U.S. developer of utility-scale solar energy plants. As CEO of Sunlight, he guided the development and commercialization of greater than 500 MW_{DC} of solar generation projects at multiple sites across the United States. Before Sunlight, Jason was Vice President and General Manager of U.S.-based solar manufacturer SolFocus. There, he developed the processes and the manufacturing capability necessary to commercialize the SolFocus solar power generation product, including two highly-automated manufacturing facilities. Jason has held various leadership positions in product, technology and

business development, including a term at Corning, Inc., as Director of New Business Development where he led early technical collaboration supporting emerging solar companies such as First Solar, and started new technology products and businesses that today generate over $2 billion annually.

Adam Pishl, Co-Founder & COO

Experience:
12+ years Solar Industry
27+ years Operations Management

Education:
Boise State University, Master of Business Administration
Boise State University, Bachelor of Marketing

As Chief Operating Officer and co-founder of Clēnera, Adam Pishl leads business operations and asset management. In 2010, Adam and Jason co-founded Sunlight Partners, one of the most successful distributed generation developers in North America. At Sunlight, Adam and his operations team created the industry's first programmatic solar project development system. His introduction of Geographic Information System experts and grid connectivity professionals opened opportunities for his teams to identify, qualify and acquire suitable solar development sites quickly and efficiently.
Adam's career in renewable-energy began at SolFocus Glassworks in Mesa, AZ where he managed build of the company's first manufacturing facility and led operations, manufacturing and process development. Adam implemented ISO 9000 framework and quality systems to dramatically improve quality and capacity and later managed the design and construction of an automated manufacturing facility.

Prior to his experience in the renewable-energy sector, Adam founded several small start-ups, gaining experience in the coatings, construction, and manufacturing industries.

Michael Gallego, Vice President of Operations

Michael brings over 25 years of construction knowledge to the Clēnera team. As a founder of multiple companies, Michael has directed the financial operations and successfully managed a variety of construction- based businesses. Michael negotiated, designed, developed, and constructed over $150 million of construction projects from the ground up. Michael entered the renewable energy sector in 2009 as the construction license holder and Project Manager – Field Operations for SolFocus, managing multiple projects throughout California and the southwest. In addition, Michael has extensive experience leading project teams on utility-scale solar projects, operations and maintenance, and multiple California DSA School projects. Michael heads a team that is currently responsible for building and operating a portfolio of projects totaling over 600 MW_{DC}, with a value in excess of $750 million throughout the United States. He also has extensive experience working directly with stakeholders on the successful development and construction of multiple utility-owned switchyards and interconnection facilities throughout California and Arizona.

Dustin Shively, Director of Engineering

Throughout his career, Dustin has developed, permitted, financed, and constructed over 600 MW_{DC} of wind and Solar energy projects. With a background in mechanical engineering, Dustin has experience ranging from project development, design, and management, to energy modeling, storage, and optimization. His roles have consisted of independent engineer and energy systems engineer. Dustin holds bachelor's and master's degrees in mechanical engineering from Boise State University, where he is also an adjunct professor instructing senior and graduate level courses in thermodynamics and Renewable Energy Systems.

Dustin Thompson, Director of Development

Dustin focuses on developing and managing high-value renewable energy projects from the ground up, as well as providing project due diligence to Clēnera's growing acquisition portfolio. Prior to joining the Clēnera team, Dustin was a Program Manager at Sunlight Partners, LLC where he was responsible for the development of their California solar portfolio, which surpassed 100 MW_{AC}. He has 5 years of experience in renewable energy project development and asset management. Dustin holds a bachelor's degree in business management from Utah Valley University.

Jared McKee, Director of Business Development

Jared has over a decade of experience in supply chain consulting and program management. Jared manages the Greenfield Development and Power Marketing activities at Clēnera. Since Jared joined the team, Clēnera has developed a pipeline of over 3,000 MW_{DC}. Prior to joining Clēnera, Jared worked for a global medical distribution company where he managed the sales and operation of the Supply Chain services with revenues over $100 million annually. Jared holds a master's degree in business management with an emphasis in Supply Chain Management from Arizona State University and a bachelor's degree in business management from Brigham Young University.

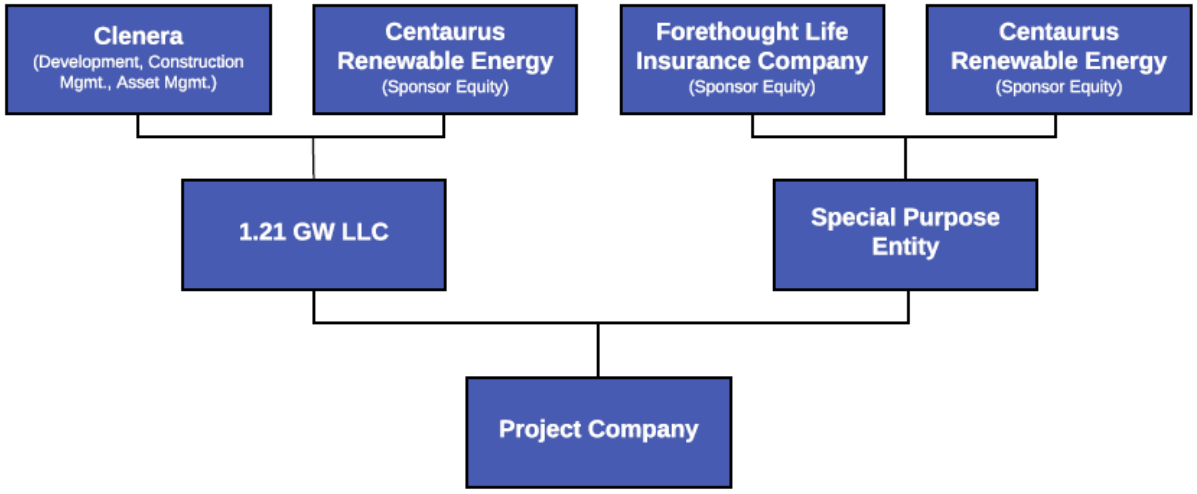
Erin Kivlehan, Director of Asset Management

As Director of Asset Management, Erin's prime responsibilities are commercial performance, contractual and regulatory compliance, and financial support for Clēnera's portfolio. Additionally, she supports Development activities, Engineering & Construction, and Finance for existing and potential assets across the portfolio. Erin joined Clēnera from Sempra Renewables in San Diego, CA where she managed 500+MW of utility-scale solar assets. Prior to joining Sempra Renewables, Erin specialized in procurement and contract negotiation in the utility sector. Erin has also held Corporate Counsel positions at Helix Wind and Wintec Energy LLC. She earned her bachelor's degree from the University of Maine and Juris Doctor from California Western School of Law.

Financial Information

Clēnera's projects are financed with 100% equity from two project sponsors, Centaurus Renewable Energy (a subsidiary of Centaurus Capital LP) and Forethought Life Insurance Company (a large private insurer owned by Global Atlantic Financial Group.) The projects utilizing the land within this proposal will be organized under a Special Purpose Entity owned by Clēnera's equity sponsors. Clēnera and CRE operate through their joint venture entity, 1.21 GW LLC.

The following is an organizational chart that includes all entities participating in the MT Commercial Lease of State Trust Land RFP. The organization outlined below is consistent with Clēnera's projects outside of the MT Commercial Lease of State Trust Land RFP.



Clēnera's equity sponsors maintain strong balance sheets as evidenced in Forethought Life Insurance Company's financials listed at https://www.globalatlantic.com/insurance-company-statutory-filings.

The credit rating for Forethought Life Insurance Company is A3 (Moody's), A (Fitch) and A- (S&P). The S&P credit rating report for Forethought is available upon request.

The use of 100% equity in financing each project insulates against costly variables such as changing interest rates, expensive transaction fees, and unanticipated financing delays. It allows for a project rapid build that is not subject to bank approval.

By using all equity financing Clēnera can confidently price contracts and move without delay to construct and operate each project. In fact, Clēnera customarily initiates full project construction upon receipt of building permits and interconnection agreements and without the hassle and delay of awaiting construction financing and third-party tax equity commitments. This flexibility also allows latitude in adjusting for unexpected issues at the project level. As a result, Clēnera has been 100% successful at constructing and delivering the required energy on every one of its contracted projects.

Neither Clenera or any of its affiliates listed above has ever filed bankruptcy or defaulted on any loans. A redacted copy of 1.21 GW LLC's Limited Liability Company Agreement is provided as an attachment to this proposal.

Summary of Proposal

Clēnera's proposed use of the Montana DNRC – APEX land is to construct a 1,308 acre solar project, the "Argenta" project with a nameplate capacity of 160 MWAC interconnecting to NorthWestern Energy Company and their customers in Montana.

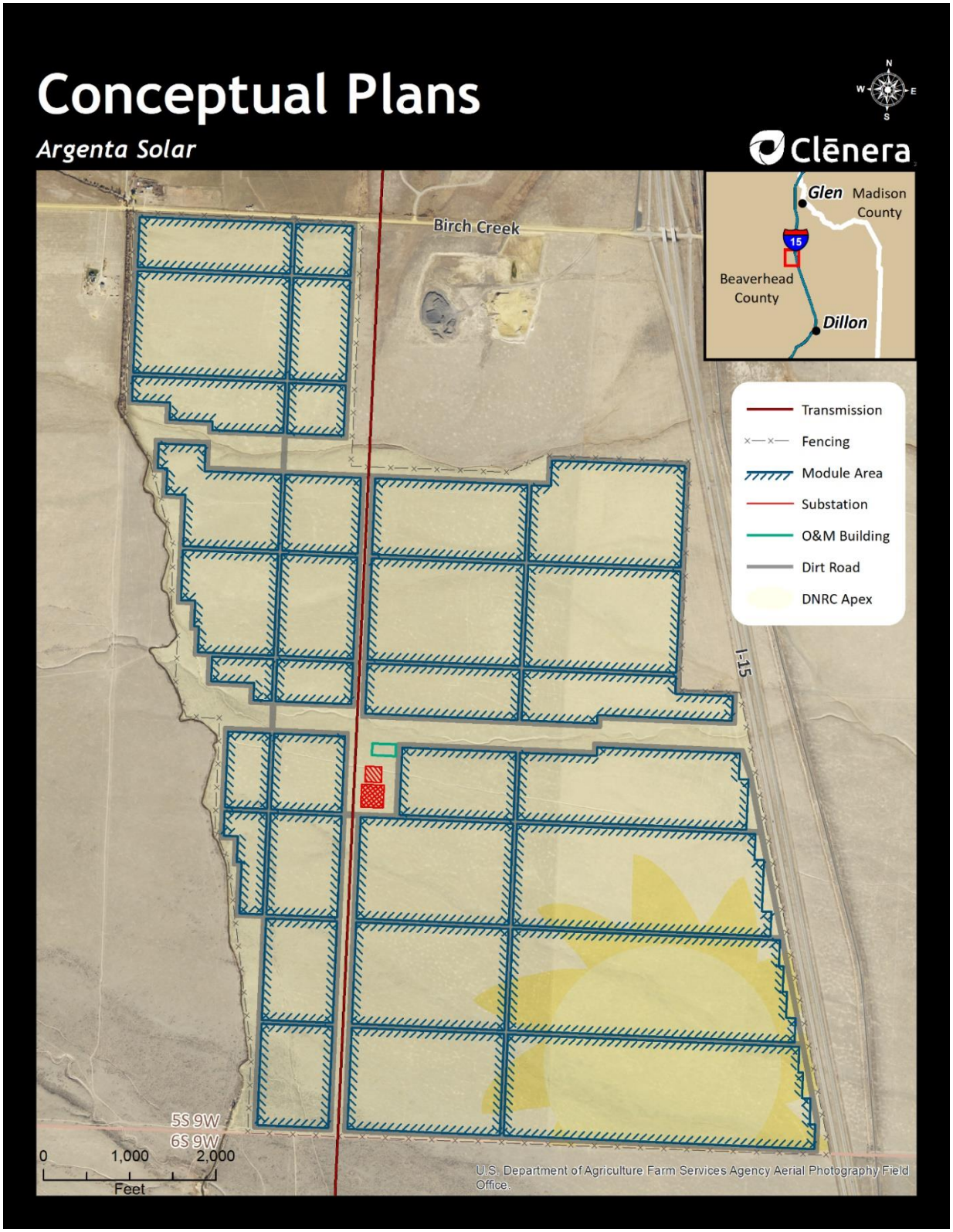
The benefits to the environment, the local economy, and the grid are just a few of the many reasons a solar facility is the best development use for the APEX land.

- The Argenta project will be a "clean" source of energy as it does not pollute or emit any of the greenhouse gases which drive climate change. Local farmers and vulnerable communities will benefit.
- In contrast to other energy sources which are subject to depletion, solar energy is renewable. We will continue to receive the sun's energy for billions of years making it infinite and plentiful.
- The solar energy produced by the Argenta project is economically attractive and the economic benefits can be passed on to its consumers. Low maintenance is one of many factors contributing to solar energy's lower cost.
- Planning, installation, operations and maintenance all require manpower – much of which will be outsourced to local workers creating jobs for the local community.
- The solar facility is quiet and has no moving parts and will not disturb the wildlife and nature it neighbors. As discussed later under Multi Land Use Management Strategy, sheep could graze on the same land.
- On a national scale, solar energy allows the US to produce its own energy and rely less on the global energy market, protecting us from unstable energy prices and supply disruptions.
- With the Argenta project being localized, less energy will be lost in long-distance transmission and distribution.
- The Montana State Trust Land Lease will produce an income stream for Beaverhead County and the Common Schools trust and Pine Hills School trust far into the future.

Clenera, LLC is pleased to provide the Montana Department of Natural Resources and Conservation with this proposal and acknowledges its responsibility for all costs associated with developing the property. Based on an April 2019 PPA execution date, the Argenta Solar Project could be in commercial operation by June 2021.

Site Plan

The site plan below depicts the Proposed Argenta Solar project in Beaverhead County including transmission lines, fencing, and solar module layout. The substation and Operations & Maintenance Building will be centrally located and a dirt road surrounds each section of modules.



Construction and Operation

Without the need for construction financing or tax equity commitments, project construction is customarily launched immediately upon permitting completion. This approach is only possible in the case of all-equity project financing (unique to Clēnera) and advantages its projects and customers. This unique structure is evident from the track record of building 100% of the projects contracted.

Permitting

Clenera expects to begin the necessary permitting for a solar project upon notification of selection within the Montana State Land RFP. Permits include, but are not limited to, county special use permit, phase I ESA, and state facility construction permit.

Given Clenera's experience within the solar industry and the local area an smooth and uneventful process is expected for the permitting process.

Interconnection

Argenta Solar is in the NorthWestern Energy interconnection queue as queue #341. As of September 26th, no other generators currently hold an active interconnection request in Beaverhead County.

Feasibility study results for Argenta were received on September 14, 2018, and thus far are outstanding, with no additional network upgrades required beyond the point of interconnection. The System Impact Study is now under way, and a generator interconnection agreement will be attained mid-2019. Construction on interconnection facilities is expected to take no longer than a year.

An overview of the project schedule is listed below. The project schedule is also included as an attachment to this proposal. The expected COD for the Argenta project is June 2021.

Project Timeline

Argenta Solar

Category	Task	Start	End	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
Development	Executed PPA (Northwestern Energy - Argenta Solar Project Company)	4/1/18	4/1/19																
Site Control	Executed Lease Agreement with DNRC	10/15/18	12/15/18																
Site Control	Exercise Option on land	4/1/20	4/1/20																
Permitting	Beaverhead County Special Use Permit	4/1/19	9/28/19																
Permitting	US Fish & Wildlife Consultation	4/1/19	5/16/19																
Permitting	USACE Jurisdictional Waterway Determination (if needed)	4/1/19	7/30/19																
Permitting	Environmental & Biological studies	4/1/19	9/28/19																
Permitting	Phase I ESA	4/1/19	9/28/19																
Permitting	State Facility Construction Permit	1/5/20	4/4/20																
Permitting	NOI/ SWPP	1/5/20	4/4/20																
Permitting	Traffic Control Permit/ Plan	1/5/20	4/4/20																
Interconnection	System Impact Study	10/1/18	12/30/18																
Interconnection	Facility Study	1/29/19	4/29/19																
Interconnection	Finalize & execute Interconnection Agreement	4/29/19	6/13/19																
Interconnection	Constuct Interconnection Facilities	7/28/19	7/27/20																
Construction	Finalize PV Design and Engineering	3/5/20	5/4/20																
Construction	Equipment Procurement	6/3/20	8/31/20																
Construction	Construction	9/1/20	4/16/21																
Construction	Commissioning	4/16/21	5/31/21																
COD	Commercial Operations	6/1/21	6/1/21																

Development/PPA

Clenera is currently in negotiations with NorthWestern Energy regarding the price and terms of a power purchase agreement (PPA) since April. An executed PPA is expected middle of 2019.

Compatibility with Lease Terms

A redlined version of the form of lease is attached to the proposal. The suggested revisions have been made to accommodate the lease within the confines of the business model for a solar facility. To execute a final form of lease Clenera is open to continued negotiation. The suggested revisions are aligned with the general business terms within the RFP.

Proposed Lease Fee

The proposed compensation to DNRC for lease of the site is a onetime installation fee of $2,000/MW, and an annual rent of **$3,000/MW Installed**. With the proposed 160 MW facility, this equates to an installation fee of $320,000 and an annual rent of **$480,000.**

Example Lease Schedule

Base Rent until Operations Date	September 1 – May 31 (9 months)	$27,468^
Operations Date & Installation Fee	June 1	$320,000
Lease Year	***Calendar Period***	***Fee***
1	June 1 – May 31	$480,000
2	June 1 – May 31	$480,000
3	June 1 – May 31	$480,000
4	June 1 – May 31	$480,000
5	June 1 – May 31	$480,000
6	June 1 – May 31	$480,000
7	June 1 – May 31	$480,000
8	June 1 – May 31	$480,000
9	June 1 – May 31	$480,000
10	June 1 – May 31	$480,000
11	June 1 – May 31	$480,000
12	June 1 – May 31	$480,000
13	June 1 – May 31	$480,000
14	June 1 – May 31	$480,000
15	June 1 – May 31	$480,000

¯Proposed Option prior to start of construction: 3-year option with annual fee of 1.5% of $700/acre land value.
^Base Rent * $^{3}/_{4}$ years

The RFP states an energy facility must pay at least the greater of three amounts: Base Rent with a 2% escalator, 3% of gross annual income, or $3,000/MW installed. The table below shows how the proposed lease fee is greater than the other project-related minimum amounts after 15 years (initial lease term), and 35 years (productive life of a solar project).

Payment Method	Base Rent	3% Gross Annual Income	**Proposed $3,125/MW installed**
15-Year Total	$633,354	$5,906,500	**$7,200,000**
35-Year Total	$1,831,000	$12,337,000	**$16,800,000**

Multiple Land-Use Management Strategy

Clenera proposes the following multiple-land-use management strategies:

Sheep Grazing. Sheep grazing occurs at many of Clenera's solar sites. Sheep graze on the vegetation and find shade beneath solar panel arrays. Their docile nature doesn't present risk to the facility, nor does the facility present danger to the sheep. This natural vegetation management method helps keep grass and weeds from growing and shading the panels. The DNRC benefits by leasing land that is otherwise unviable for crop production due to the solar arrays, facilitating supplementary income for the DNRC.

As additional consideration for DNRC's grant of the Ground Lease to Clenera, Clenera offers to provide the following for a nearby state lands trust beneficiary:

Install Solar Array at Montana Tech's Mineral Museum. Clenera will, or will cause an affiliate to, engage a contractor to install a Net-Metering solar array and all necessary equipment located in a mutually agreeable area within the Montana Tech Mineral Museum property in nearby Butte, MT. Net Metering refers to the production of electricity from a qualifying renewable energy electric generator, such as photovoltaic (PV) panels, that is used to offset electricity provided by an electric utility, which for Asarco is TEP. The size of the array will be 10 kWp. The panels used will be a similar variety as those employed at the Facility. Once the array is constructed and operating, the continued operations and maintenance of the solar array will be the responsibility of Montana Tech.

Sustainability Exhibit in Mineral Museum property featuring the Argenta Solar Project. Clenera will, or will cause an affiliate to, construct an Exhibit to be housed at the Montana Tech Mineral Museum in Butte, MT. The exhibit will provide an explanation of solar photovoltaic energy generation and will have a display dashboard

showing the energy output from the Argenta Solar Project. The solar panels supplying energy to the Mineral Museum and the description of the Facility will add another dimension to the Museum's education efforts. In addition to explaining the various minerals used in a solar facility, the display will discuss Montana's sustainability efforts, new energy technology and how it supplies energy to the building.

Clenera installed a solar array and sustainability exhibit previously for the Asarco Mineral Discovery Center property in Tucson, AZ, in conjunction with Clenera's associated Avalon Solar Project.